



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0667	Title:	Funding for Lewis and Clark tourism site endowments
Primary Sponsor:	O'Hara, Jesse	Status:	As Amended

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$2,000,000	\$0	\$0	\$0
Trust Fund	\$112,400	\$112,600	\$110,800	\$108,600
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Trust Fund	\$2,112,400	\$112,600	\$110,800	\$108,600
Net Impact-General Fund Balance:	(\$2,000,000)	\$0	\$0	\$0

Description of fiscal impact: HB 667 establishes a trust fund to support grants funded from annual earnings on the fund, with grant applications accepted and reviewed by the Montana Historical Society Board of Trustees, and appraisal/accounting functions for those grants performed by Historical Society staff.

FISCAL ANALYSIS

Assumptions:

Montana Historical Society

1. HB 667 creates a new Lewis and Clark heritage tourism trust fund that must be invested by the Board of Investments (BOI). Board of Investments is responsible for investment of corpus and accounting for annual earnings of same in a separate fund.
2. Board of Investments will submit periodic statements (no less than quarterly) for earnings on the TFBP to the Board of Trustees of the Montana Historical Society for reconciliation purposes.
3. On July 1, 2007, \$2.0 million would be transferred from the state general fund to the Lewis and Clark heritage tourism trust fund (Fund). Earnings on the fund and any other funds in excess of the \$2 million principal could be used to award grants to private nonprofit organizations based in Montana to promote the historical aspects of the Lewis and Clark expedition and its connections to Montana.

4. It is assumed that the asset management account will have the same interest rates as the Children's Trust Fund. The interest rate for FY 2008 and FY 2009 are projected to be 5.62% and 5.63% respectively in HJR 2 and OBPP projects the trust fund interest rates will be 5.54% in FY 2010 and 5.43 % in FY 2011.
5. Montana Historical Society Board of Trustees will accept applications and award grants from the fund to private, nonprofit organizations based in Montana that have as their sole purpose and mission the promotion of the historical aspects of the Lewis and Clark expedition and its connections to Montana.
6. Grant awardees will show proof that the requested grant amount will be at least equally matched with fund provided by the organization receiving the award.
7. Montana Historical Society staff will, upon award of grant and instruction from the Board of Trustees, perform the accounting functions in relation to the grants, including, but not limited to, set up of accounts, development of forms, distribution of grant funds to recipients, review and reconciliation of grant expenditures, periodic reports to Board of Trustees. Performance of accounting functions will require an estimated 0.10 FTE, pay band 5, Accountant/Grant Manager at \$20.33 per hour plus benefits and assumes a 3% pay increase from FY 2008 to FY 2009.
8. Inflation in the 2011 biennium is assumed to be 2.5% per year from the FY 2009 amounts for personal services and operating expenses.
9. For the purposes of this fiscal note, it is assumed that the fiscal year earnings in excess of the initial state general fund transfer would be awarded as grants by the Montana Historical Society.
10. The Board of Trustees of the Montana Historical Society is allowed up to 10% of the funds provided for in Subsections (4) of HB 667 to be spent for administrative costs. Those expenses are deducted from the interest earnings.
11. The Montana Historical Society would use personal services and operating expenses to develop rules and forms for the grant program described in HB 667. The rules would cost \$50 per page to be published. It is assumed these expenses would cost \$4,905 for 0.10 FTE and \$2,500 for developing and publishing rules.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.10	0.10	0.10	0.10
<u>Expenditures:</u>				
Personal Services	\$4,905	\$5,052	\$5,178	\$5,308
Operating Expenses	\$2,500	\$0	\$0	\$0
Grants	\$104,995	\$107,548	\$105,622	\$103,292
Transfers	\$2,000,000	\$0	\$0	\$0
TOTAL Expenditures	\$2,112,400	\$112,600	\$110,800	\$108,600
<u>Funding of Expenditures:</u>				
General Fund (01)	\$2,000,000	\$0	\$0	\$0
Other (Trust Fund)	\$112,400	\$112,600	\$110,800	\$108,600
TOTAL Funding of Expenditures	\$2,112,400	\$112,600	\$110,800	\$108,600
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (Trust Fund)	\$2,112,400	\$112,600	\$110,800	\$108,600
TOTAL Funding of Expenditures	\$2,112,400	\$112,600	\$110,800	\$108,600
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$2,000,000)	\$0	\$0	\$0
Other (Trust Fund)	\$2,000,000	\$0	\$0	\$0

Technical Notes:**Montana Historical Society**

1. The actual cost for the Montana Historical Society to administer this new grant program is currently unknown. The personal services costs may be higher than the projections.
2. If it is the intent for the interest earnings, or some portion of the interest earnings be appropriated, this interest should be directed to a state special revenue fund and that fund would be subject to appropriation, instead of appropriating directly from the trust.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date